

**Abstract.** *Customer satisfaction is most important to the concept of marketing with solid evidence of strategic links between overall services quality and customer satisfaction (Truch, 2006), and having a significant theoretical and practical issue for the marketers. The spirit of innumerable researches in diverse cultures endorse that the service provider organizations pay greater attention to satisfy their customer. But lacuna exists in literature for such a key topic in different cultures of developing countries like Pakistan. Accordingly, this current study looks for the impact of customer satisfaction on their behavioral responses in banking sector of Pakistan. Therefore, recognition of significant determinants of customer satisfaction could facilitate the higher management in adoption and implementation their customers' focus strategies more efficiently and effectively. Practical implication, future research and limitation are also discussed.*

**Keywords:** banking sector, behavioral response, customer satisfaction, Pakistan, services quality.

## **AN EMPIRICAL INVESTIGATION OF CUSTOMER SATISFACTION AND BEHAVIORAL RESPONSES IN PAKISTANI BANKING SECTOR**

**Muhammad Ishtiaq ISHAQ**

*Global Institute Lahore, Pakistan  
Aurangzeb Block, New Garden Town,  
Lahore, Pakistan  
e-mail: ishtiaq\_042@yahoo.com*

*Management & Marketing  
Challenges for the Knowledge Society  
(2011) Vol. 6, No. 3, pp. 457-470*

## 1. Introduction

Recently, the main purpose of the researches on customer satisfaction has change the spotlight and gives the significant value to other different areas that are important as compared with other issues. For example, the service quality has its impact and significant predictor of the financial strength of the organization (Duncan & Elliott, 2004; Duncan & Elliott, 2002; Yasin et al., 2004; Wiele et al., 2002; Yeung et al., 2002; Rust et al., 1995; Greising, 1994), behavioral intentions (Boulding et al., 1993; Cronin & Taylor, 1992) and intentions of switching the current services (Keaveney, 1995). The impact of service quality and mediating role of customer satisfaction in the banking context got paramount awareness in the field of service marketing. The gap is existed in the literature about the customer satisfaction and their behavioral responses (Zeithaml et al., 1996; Boulding et al., 1993; Cronin & Taylor, 1992). Zeithaml et al. (1996) specify that the relationship between customer satisfaction and behavioral responses that need further probe in order to comprehend the connection of financial outcomes and the customer satisfaction.

The financial organization can hardly state as a form of modernization and banking sector is one of them. Broadly, “Istward and Holland” categorized the banks in to three different structures, small banks having capital less than US\$40 billion; medium-sized banks contain capital more than US \$40 billion but less than US \$350 billion); and large banks with more than US \$350 billion (Huang et al., 1990). In western world, banking sector is one of the major sector in which customer satisfaction has been the focal point of different studies (Holliday, 1996). Today, there are multiple operations are performed by the bank and they provide a variety of services and products of almost every segment of the economy. In Pakistan, banking sector is at its boom as the most prominent rising sector. This industry has 45 schedule banks with 8,343 branches all over the Pakistan till June 30, 2008 (State Bank of Pakistan, 2010). But due to the unstable policies and uncertainty, Pakistani banking industry has experienced very confused environment. That’s why this segment faced dramatic changes in his history like in 1950s and 1960s, private sector banks were dominated but they were state-owned in 1974. These public sector banks are privatized in 1992 due to substandard products/services.

Customer satisfaction is judged as the soul of triumph in today’s competitive business world. This concept is gradually becoming a business goal as more corporations struggle for excellence in their services and/or products and (Bitner & Hubbert, 1994). In this situation, the consideration on the understanding of determinant of customer satisfaction is of immense implication to the marketers. So, the current study seeks to determine which key factors of customer satisfaction have an impact on their behavioral responses such as intention to switch and word-of-mouth communication. The exploration of these aspects will assist the top management in making the overall strategy to satisfy and retain the customers which would lead to organizational efficacy and competitive advantage over the competitions.

## 2. Literature review

Customer satisfaction is critical facet for the researchers and marketers (Naser et al., 1999). It's a key factor of diverse marketing activities which basically impart the linkage between the different stages of customers buying behaviors. For example, if customer is pleased with the services and/or products offered by the company, then he/she likely re-purchase and also try its line extensions (East, 1997) and these customers are also share the information and favorable experience and producing word-of-mouth communication (Jamal & Naser, 2003). This advertising technique is predominant in socialist culture like in Pakistan where life is ordered in such a way that leads to develop social relations with others in the society. Contrary, dissatisfied customers of any bank switch themselves to other bank and will also fabricate negative word-of-mouth and these actions set ineradicable pressure on the banks to improve their products and services (Levesque & McDougall, 1996; File & Prince, 1992).

### 2.1. Customer satisfaction and service quality

Oliver (1997) describe satisfaction as “the consumer’s fulfillment response, a post consumption judgment by the consumer that a service provides a pleasing level of consumption-related fulfillment, including under- or over-fulfillment”. Service quality is renowned as a multi-dimensional construct. Its dimensions often vary from one researcher to other researcher, but still there is some harmony that service quality mainly consists of three major features: “outcome quality, “interaction quality, and “physical service environment quality” (Brady & Cronin, 2002). Numerous researchers more elaborate on sub-aspects of these three broad dimensions e.g., the most popular construct of service quality – SERVQUAL – have five dimensions: “tangibles”, “reliability”, “responsiveness”, “empathy” and “assurance” (Parasuraman et al., 1988). The tangibles dimension contact with physical environment aspect, the reliability dimensions corresponds with service outcome aspect and remaining three signify interaction quality aspect. Service quality is an precursor of the broader theory of customer satisfaction (Lee et al., 2000; Buttle, 1996) and the relationship between loyalty and service quality is intercede by satisfaction (Caruana, 2002; Fullerton & Taylor, 2002). Although the organizations are operating in service sector know that the service quality is of key factor for success at national and international level (Berry et al., 1989). even then companies were found that the instrument of service quality is relatively less appropriate in other than developed countries because of cultural context which lead to unsatisfactory and inappropriate sales and marketing approaches in those cultural contexts (Laroche et al., 2004). In today’s economy, service quality has come out as critical component for the top management of successful business (Bloise et al., 2005) and human elements, as well, play essential role to determining the whole perception of customers about service quality (Yavas et al., 1997) and retaining the customers (Ranaweera & Neely, 2003).

For measuring the service quality dimensions, SERVQUAL instrument is often adapted. The main strength of this instrument over SERVPERF (another service quality instrument) is that it can effectively take. Though it also has some criticism on both operational and theoretical issue as well (Buttle, 1996). Asubonteng et al. (1996), made a conclusion after critically reviewing the 18 empirical studies on service quality that this instrument is industry specific. Carman (1990) found 6 to 8 dimensions, Headley & Miller (1993) pointed out six in medical sciences while Clow et al. (1995) and McAlexander et al. (1994) seven and ten respectively in dental industry.

Moreover, SERVQUAL used to measure service quality from over 20 years; it is seriously questioned the relationship of SERVQUAL's to cultural dimensions (Kueh & Voon, 2007; Tsoukatos & Rand, 2007; Malhotra et al., 2005; Raajpoot, 2004; Witkowski & Wolfinbarger, 2001; Furrer et al., 2000; Espinoza, 1999; Donthu & Yoo, 1998; Winsted, 1997). Donthu & Yoo (1998) studied that the effect of customers' cultural orientation in banking sector influenced the overall service expectations.

### 2.2. Behavioral responses

A flurry of research had recognized customer satisfaction as prominent antecedent to retention, customer loyalty, market share, profitability and behavioral responses (Wood, 2008; Beerli et al., 2004; Athanassopoulos et al., 2001; Anderson & Mittal, 2000; Heskett et al., 1997; Levesque & McDougall, 1996; Muffato & Panizzolo, 1995). An immense stream of literature had exposed that the link of customer satisfaction has positive with loyalty of customer and their retention (Lovelock et al., 2001; Sharma & Patterson, 2000; Fornell, 1992; Levesque & McDougall, 1996), commitment (Burnham et al., 2003; Morgan & Hunt, 1994), service quality (Sureshchandar et al., 2002; Athanassopoulos, 2000; Parasuraman et al., 1988) and behavioral intentions of the customers (Olorunniwo et al., 2006; Zeithaml, 2000). The general assumption in these studies are that the affluence and escalation of the banks depend to a large extent on how they build a strong base to get the customer loyalty and to differentiate themselves via better service quality that may results in satisfaction of its customers.

Cronin & Taylor (1994) challenged that service quality should linked with "universal assessment and long-term approach" and customer satisfaction with "transaction-specific judgments". However, regardless of this disagreement, most researchers have same opinion that service quality and customer satisfaction perform collectively on behavioral intentions. Recently, several researches have acknowledged that customer satisfaction act as mediator between behavioral intentions and service quality (Olorunniwo et al., 2006; Cronin et al., 2000; Dabholkar et al., 2000). Olorunniwo and his colleagues (2006) found a significant relationship but relatively small direct result of service quality on behavioral intentions and also concluded that the indirect effect of service quality on behavioral responses via customer satisfaction is a key indicator of behavioral intentions. Several studies have pointed out that only

the small percentage of dissatisfied customers cast their complaints and remaining customers who do not complained about their dissatisfaction respond in different actions like negative word-of-mouth and intention to switch (Blodgett & Li, 2007; Fernandes & dos Santos, 2007).

### 3. Research design

#### *Research Hypotheses*

Hypothesis 1: There is positive association between customer satisfaction and positive word-of-mouth communication.

Hypothesis 2: There is positive relationship between customer satisfaction and intention to stay with the current bank's service providers.

Self-administered questionnaires were used to collect the data from the respondents. Random sampling technique was used to select two schedule banks from the list of State Bank of Pakistan. After that, ten branches from each bank (operating in Lahore) were selected through random sampling because the purpose behind this was to cover the whole geographical area of Lahore. Three hundred and forty questionnaires delivered to the users of respective branches. Three hundred and fifteen questions were return and only three hundred questionnaires were in usable condition with response rate (88%). Stepwise regression method was employed to ascertain to what level different aspects of customer satisfaction are related to customer's behavior responses. In this study, six variables of customer satisfaction were handled as independent variables whereas behavioral response (word-of-mouth communication and intention to switch) was treated as dependent variable. Five dimensions of service quality described by Parasuraman et al. (1991a, 1991b) were used to evaluate different aspects of customer satisfaction. Behavioral responses (intention to switch and word-of-mouth communication) of the banking clients; were measured by seven items scale of Athanassopoulos et al. (2001) Likert scale was used where 1 as strongly disagree and 5 as strongly agree.

### 4. Analysis and interpretations

Respondent sample, descriptive statistics and stepwise regression analysis was used to interpret this section.

Table 1 reflects the demographic characteristics of the respondents of two banks. Male respondents were in majority (66%) and females accounted for 34%. For age, about 47 percent (142) participants were 20-29 years, 30 percent (90) were 30-39 years and 23 percent (68) were more than 40 years of age. As far as education is concerned, fifty three percent (160) had undergraduate degree and forty seven percent (138) had graduation degrees. About 19 percent were using the bank's services up to 1 year, 35 percent used 1-3 years and 46 percent used their current bank services for more than 3 years.

Table 1

**Demographics Profile**

Characteristics	Frequency	Percentage (%)	Characteristics	Frequency	Percentage (%)
<b>Gender:</b>			<b>Education:</b>		
Male	198	66.00	Under-graduation	160	53.00
Female	102	34.00	Graduation	138	47.00
<b>Age:</b>			<b>Service-Users Since:</b>		
20-29 years	142	47.30	Up to 1 years	56	18.70
30-39 years	90	30.00	1-3 years	104	34.70
40-49 years	50	16.70	3-5 years	80	26.70
Above 60 years	18	6.00	More than 5 years	60	20.00

Table 2 shows the mean and standard deviation (descriptive statistics) and reliability coefficient of service quality dimensions and behavioral responses of the respondents.

Table 2

**Descriptive Statistics (N=300)**

Variables	Mean	Std. Deviation	$\alpha$	Variables	Mean	Std. Deviation	$\alpha$
Employee Competence	3.52	0.71	0.73	Physical Evidence	3.56	0.60	0.71
Reliability	3.82	0.37	0.65	Convenience	3.45	0.81	0.75
Product Innovation	3.41	0.71	0.68	Behavioral Responses	4.80	1.01	0.79
Pricing	2.72	1.01	0.61				

Table 3 shows the Pearson correlations of behavioral responses and customer satisfaction and reflect that the there is no problem of co-linearity and fit for regression analysis. It showed that pricing have negative relationship with behavioral response, employee competence and product innovation.

Table 4 showed stepwise regression which reflects that about 36% variance (adjusted R<sup>2</sup> = .364) in behavioral response was explained by the model containing convenience, pricing, physical evidence and product innovation. Convenience alone explained 20% variability (adjusted R<sup>2</sup> = 0.20) in behavioral responses whereas by product innovation for only 0.9% variance (R<sup>2</sup> Change = .009, F change significance = 0.41) in behavioral response of customers in banking sector of Pakistan. These results were consistent with the research hypothesis that customer satisfaction of the customers is related with their behavioral responses.

Table 3

**Pearson Correlation Matrix**

	BR	EC	R	PI	P	PE	C
BR	1.00						
EC	0.37*	1.00					
R	0.28	-0.11	1.00				
PI	0.30*	0.50*	0.26	1.00			
P	-0.43*	-0.26*	0.21	-0.22*	1.00		
PE	0.41*	0.57*	0.36	0.36*	-0.23*	1.00	
C	0.46*	0.44*	0.19	0.24*	-0.14**	0.51*	1.00

BR = Behavioral Responses, EC = Employee Competence, R = Reliability, PI = Product Innovation, P = Pricing, PE = Physical Evidence, C = Convenience.

\* Significant at 0 .01 level: One-tailed, \*\* Significant at 0 .05 level: One-tailed.

Table 4

**Model Summary (Dependent Variable: Behavioral Responses)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.461 <sup>a</sup>	.212	.209	.89952	.212	80.223	1	298	.000	
2	.587 <sup>b</sup>	.345	.340	.82184	.132	60.000	1	297	.000	
3	.603 <sup>c</sup>	.364	.357	.81098	.019	9.005	1	296	.003	
4	.611 <sup>d</sup>	.373	.364	.80660	.009	4.226	1	295	.041	1.767

a. predictors: (constant), Convenience, b. predictors: (constant), Convenience, Pricing, c. predictors: (constant), Convenience, Pricing, Physical Evidence, d. predictors: (constant), Convenience, Pricing, Physical Evidence, Product Innovation.

ANOVA results (Table 5) indicated the predictive strength (F 8, 588 = 24.63, p<.05) of the model to explain variance in behavioral responses.

Table 5

**ANOVA (Dependent Variable: Behavioral Responses)**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	65.20	8	7.89	24.63	.000 <sup>a</sup>
Residual	232.07	588	0.36		
Total	297.27	596			

a. predictors: (constant), Convenience, b. predictors: (constant), Convenience, Pricing, c. predictors: (constant), Convenience, Pricing, Physical Evidence, d. predictors: (constant), Convenience, Pricing, Physical Evidence, Product Innovation.

Table 6

**Coefficients<sup>a</sup>(Dependent Variable: Behavioral Responses)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	3.02	.38		7.87	.000		
	Convenience	.39	.06	.31	5.93	.000	.73	1.36
	Pricing	-.32	.04	-.32	-6.83	.000	.92	1.08
	Physical Evidence	.23	.08	.13	2.37	.019	.66	1.50
	Product Innovation	.15	.07	.10	2.06	.041	.84	1.18

The beta coefficients (Table 6) show the impact of customer satisfaction modes such as convenience, pricing, physical evidence and product innovation on behavioral responses. As shown, convenience ( $b = .39$ ,  $t = 5.9$ ,  $p < 0.05$ ) had utmost influence whereas and product innovation ( $b = .15$ ,  $t = 2.06$ ,  $p < 0.05$ ) had lowest impact on behavioral responses of the customers. It's also interesting to note that pricing ( $b = -.32$ ,  $t = -6.83$ ,  $p < 0.05$ ) negatively contributed to the behavioral response. However, convenience  $b = .39$ ,  $t = 5.9$ ,  $p < 0.05$ , physical evidence ( $b = 0.23$ ,  $t = 2.37$ ,  $p < 0.05$ ) and product innovation ( $b = .15$ ,  $t = 2.06$ ,  $p < 0.05$ ) had positive relation with the behavioral responses of the bank's customers

## 5. Conclusions and recommendations

Study findings showed that four dimensions of service quality have impact on behavioral responses of the banking clients. Convenience, physical evidence and product innovation put positive impact on behavioral response means these dimensions create positive word-of-mouth communication through the customers and customer's loyalty and intention to stay with the current bank will increases and pricing will put negative impact on behavioral response. These study findings are consistent with the findings of Blodgett & Li (2007) and Fernandes & dos Santos (2007). Overall, the findings impart very strong support the direct effects of customer satisfaction on the customers' behavioral responses. More specifically, research findings indicated that when the customer's satisfaction is high they will stay with their current service providers, engage in positive word-of-mouth communications and subdue negative behavioral intentions.

In today's competitive environment, customer satisfaction has recognized as an essential role for survival and success in the market. Needless to say, numerous research had been conducted to know what customer satisfaction meant and for that various survey items were developed. On different concerns about empirical review of customer satisfaction dimensions, previous researches indicated that the customer satisfaction dimensions are industry specific and country specific as well. Certainly, there is differentiation on those factors that constitute the key elements of service



bunch important to customers depending on culture, industry, and country. In this respect, this research exposed the existence of four customer satisfaction dimensions out of five in Pakistani culture (i.e. convenience, pricing, physical evidence and product innovation). This research effort has also practical implications for different service providers that struggle to organize their service offerings for achieving their corporate objectives. Service organizations like banking sector should try to develop strategies which enhance positive behavioral responses for to customer satisfaction and prohibit negative ones. These strategies may include meeting with the clients to determine the customers' desired-service levels, avoid problems in services, dealing effectively with dissatisfied consumers and tackle customer complaints positively.

This research has also some limitations. First, behavioral responses instrument needs further development. Second, the current study investigated only two types of consumers' behavioral responses e.g. intention to stay and positive word-of-mouth communication. In future researchers may consider further augmenting this section by including additional behaviors of consumers like loyalty etc. At last, this study was conducted in banking sector of Lahore, Pakistan and the aim was not to generalize this study to whole Pakistan. Therefore, this study may applied in other service contexts such as insurance, telecommunication, retailing, air transportation etc.

## **References**

- Anderson, E., Mittal, V., "Strengthening the satisfaction-profit chain", *Journal of Service Research*, 3(2), 2000, pp. 107-120
- Anonymous (2010), Retrieved 10 June, 2010, available at:  
[http://www.sbp.org.pk/publications/schedule\\_banks/June\\_2008/Appendices.pdf](http://www.sbp.org.pk/publications/schedule_banks/June_2008/Appendices.pdf)
- Asubonteng, P., McCleary, K.J., Swan, J.E., "SERVQUAL revisited: a critical review of service quality", *The Journal of Services Marketing*, 6(6), 1996, pp. 62-81
- Athanassopoulos, A., "Customer satisfaction cues to support market segmentation and explain switching behaviour", *Journal of Business Research*, 47(3), 2000, pp. 191-207
- Athanassopoulos, A., Gounaris, S., Stathakopoulos, V., "Behavioural responses to customer satisfaction: an empirical study", *European Journal of Marketing*, 35(5/6), 2001, pp. 687-707
- Beerli, A., Martin, J.D., Quintana, A., "A model of customer loyalty in the retail banking market", *European Journal of Marketing*, 38(1/2), 2004, pp. 253-275
- Berry, L.L., Bennett, D.R., Brown, C.W. (1989), *Service Quality: A Profit Strategy for Financial Institutions*, Dow-Jones Irwin, Homewood, IL
- Bitner, M.J., Hubbert, A.R., "Encounter satisfaction versus overall satisfaction versus quality: the customer's voice", in Rust, R.T., Oliver, R.L. (Eds), *Service Quality: New Directions in Theory and Practice*, Sage Publications, Thousand Oaks, CA, 1994, pp. 72-94
- Blodgett, J., Li, H., "Assessing the effects of post-purchase dissatisfaction and complaining behavior on profitability: a Monte Carlo simulation", *Journal of Consumer Satisfaction/Dissatisfaction and Complaining Behavior*, 20, 2007, pp. 1-14
- Blose, J., Tankersley, W., Flynn, L., "Managing service quality using data envelopment analysis", *The Quality Management Journal*, 12(2), 2005

- Boulding, W., Kalra, A., Staelin, R., Zeithaml, V.A., "A dynamic process model of service quality: from expectations to behavioral intentions", *Journal of Marketing Research*, 30 (February), 1993, pp. 7-27
- Burnham, T., Frels, J., Mahajan, V., "Consumer switching costs: a typology, antecedents and consequences", *Journal of the Academy of Marketing Science*, 31, 2003, pp. 109-126
- Buttle, F., "Relationship marketing", in: Buttle, F. (Ed.), *Relationship Marketing: Theory and Practice*, Paul Chapman Publishing, London, 1996, pp. 1-16
- Carman, J.M., "Consumer perceptions of service quality: an assessment of the SERVQUAL dimensions", *Journal of Retailing*, 66(1), 1990, pp. 33-45
- Caruana, A., "Service loyalty: The effects of service quality and the mediating role of customer satisfaction", *European Journal of Marketing*, 36 (7/8), 2002, pp. 811-828
- Clow, K.E., Fisher, A.K., O'Bryan, D., "Patient expectations of dental services", *Journal of Health Care Marketing*, 15(3), 1995, pp. 23-31
- Cronin, J., Brady, M., Hult, G., "Assessing the effects of quality, value, and customer satisfaction", *Journal of Retailing*, 7, 2000, pp. 193-218
- Cronin, J.J., Jr, Taylor, S.A., "Measuring service quality: a reexamination and extension", *Journal of Marketing*, 56(July), 1992, pp. 55-68
- Dabholkar, P., Shepherd, C., Thome, D., "A comprehensive framework for service quality: an investigation of critical conceptual and measurement issues through a Longitudinal study", *Journal of Retailing*, 76(2), 2000, pp. 139-173
- Donthu, N., Yoo, B., "Cultural influences on service quality expectations", *Journal of Service Research*, 1(2), 1998, pp. 178-186
- Duncan, E., Elliott, G., "Customer service quality and financial performance among Australian retail financial institutions", *Journal of Financial Services Marketing*, 7, 2002
- Duncan, E., Elliott, G., "Efficiency, customer service and financial performance among Australian financial institutions", *The International Journal of Bank Marketing*, 22(5), 2004, pp. 319-342
- Fernandes, D., dos Santos, P., "Consumer complaining behavior in developing countries: the case of Brazil", *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 20, 2007, pp. 86-109
- File, K.M., Prince, R.A., "Positive word of mouth: Customer satisfaction and buyer behavior", *International Journal of Bank Marketing*, 10(1), 1992, pp. 25-29
- Fornell, C. (), "A national customer satisfaction barometer: the Swedish experience", *Journal of Marketing*, 56, 1992, pp. 6-21
- Fullerton, G., Taylor, S., "Mediating, interactive, and non-linear effects in service quality and satisfaction with services research", *Canadian Journal of Administrative Sciences*, 19(2), 2002, pp. 124-136
- Furrer, O., Shaw-Ching Liu, B., Sudharshan, D., "The relationship between culture and service quality perceptions", *Journal of Service Research*, 2(4), 2000, pp. 355-371
- Greising, D. (1994), *Quality: how to make it pay*, Business Week, 8 August, pp. 54-59
- Headley, D.E., Miller, S.J., "Measuring service quality and its relationship to future consumer behavior", *Journal of Health Care Marketing*, 13(4), 1993, pp. 32-41
- Heskett, J., Sasser, W., Schlesinger, L. (1997), *The Service Profit Chain*, The Free Press, New York
- Jamal, A., Naser, K., "Factors influencing customer satisfaction in the retail banking sector in Pakistan", *International Journal of Commerce and Management*, 13(2), 2003, pp. 29-53
- Keaveney, S.M., "Customer switching behaviour in service industries: an exploratory study", *Journal of Marketing*, 59(April), 1995, pp. 71-82

- Kueh, K., Voon, B.H., "Culture and service quality expectations: evidence from generation Y consumers in Malaysia", *Managing Service Quality*, 17(6), 2007, pp. 656-680
- Laroche, M., Uelschy, L.C., Abe, S., Cleveland, M., Yannopoulos, P.P., "Service quality perceptions and customer satisfaction: evaluating the role of culture", *Journal of International Marketing*, 12(3), 2004, pp. 58-85
- Lee, H., Lee, Y., Yoou, D., "The determinants of perceived service quality and its relationship with satisfaction", *Journal of Service Marketing*, 14(3), 2000, pp. 217-231
- Levesque, T., McDougall, G.H., "Determinants of customer satisfaction in retail banking", *International Journal of Bank Marketing*, 14(7), 1996, pp. 12-20
- Lovelock, C., Patterson, P., Walker, R. (2001), *Services marketing: An Asia-Pacific Perspective*, 2nd ed., Prentice-Hall, Englewood Cliffs, NJ
- Malhotra, N.K., Ulgado, F.M., Agarwal, J., Shainesh, G., Wu, L., "Dimensions of service quality in developed and developing economies: multi-country cross-cultural comparisons", *International Marketing Review*, 22(3), 2005, pp. 256-278
- McAlexander, J.H., Kaldenberg, D.O., Koenig, H.F., "Service quality measurement: examination of dental practices sheds more light on the relationships between service quality, satisfaction, and purchase intentions in a health care setting", *Journal of Health Care Marketing*, 14(3), 1994, pp. 34-40
- Morgan, R., Hunt, S., "The commitment-trust theory of relationship marketing", *Journal of Marketing*, 58(3), 1994, pp. 20-38
- Muffato, M., Panizzolo, R., "A process-based view for customer satisfaction", *International Journal of Quality & Reliability Management*, 12(9), 1995, pp. 154-169
- Naser, K., Jamal, A., Al-Khatib, K., "Islamic banking: a study of customer satisfaction and preferences in Jordan", *International Journal of Bank Marketing*, 17(3), 1999, pp. 135-150
- Oliver, R.L. (1997), *Customer Satisfaction. A Behavioral Perspective on the Consumer*, McGraw Hill, New York
- Olorunniwo, F., Hsu, M. Udo, G., "Service quality, customer satisfaction, and behavioral intentions in the service factory", *The Journal of Service Marketing*, 20(1), 2006, pp. 59-73
- Parasuraman, A., Berry, L.L., Zeithaml, V.A., "Understanding customer expectations of service", *Sloan Management Review*, 32(Spring), 1991a, pp. 39-48
- Parasuraman, A., Berry, L.L., Zeithaml, V.A., "Refinement and reassessment of SERVQUAL scale", *Journal of Retailing*, 67(4), 1991b, pp. 420-450
- Parasuraman, A., Berry, L.L., Zeithaml, V.A., "More on improving service quality measurement", *Journal of Retailing*, 69(Spring), 1993, pp. 140-147
- Parasuraman, A., Zeithaml, V.A., Berry, L.L., "A conceptual model of service quality and its implications for future research", *Journal of Marketing*, 43, Fall, 1985, pp. 41-50
- Parasuraman, A., Zeithaml, V.A., Berry, L.L., "A multiple-item scale for measuring consumer perceptions of service quality", *Journal of Retailing*, 64(1), 1988, pp. 12-40
- Raajpoot, N., "Reconceptualizing service encounter quality in a non-western context", *Journal of Service Research*, 2, 2004, pp. 181-201
- Ranaweera, C., Neely, A., "Some moderating effect on the service quality-customer retention link", *International Journal of Operations & Production Management*, 23(2), 2003, pp. 230-248
- Rust, R.T., Zahorik, A.J., Keiningham, T.L., "Return on quality (ROQ): making service quality financially accountable", *Journal of Marketing*, 59(April), 1995, pp. 58-70

- Sharma, N., Patterson, P., "Switching costs, alternative attractiveness and experience as moderators of relationship commitment in professional consumer services", *International Journal of Service Industry Management*, 11(5), 2000, pp. 470-490
- Sureshchandar, G., Rajendarn, C., Anantharaman, R., "The relationship between service quality and customer satisfaction – a factor-specific approach", *Journal of Services Marketing*, 16(4), 2002, pp. 363-379
- Truch, E., "Lean consumption and its influence on brand", *Journal of Consumer Behavior*, 5, 2006, pp. 157-165
- Tsoukatos, E., Rand, G.K., "Cultural influences on service quality and customer satisfaction: evidence from Greek insurance", *Managing Service Quality*, 17(4), 2007, pp. 467-485
- Wiele, T., Boselie, P., Hesselink, M., "Empirical evidence for the relationship between customer satisfaction and business performance", *Managing Service Quality*, 12(3), 2002, pp. 184-193
- Winsted, F.K., "The service experience in two cultures: a behavioral perspective", *Journal of Retailing*, 73(3), 1997, pp. 337-360
- Witkowski, T.H., Wolfinbarger, M.F., "The formality dimension of service quality in Thailand and Japan", *Advances in Consumer Research*, 28(1), 2001, pp. 153-160
- Wood, J., "The effect of buyers' perceptions of environmental uncertainty of satisfaction and loyalty", *Journal of Marketing Theory and Practice*, 16(4), 2008, pp. 309-320
- Yasin, M., Correia, E., Lisboa, J., "The profitability of customer-targeted quality improvement efforts: an empirical examination", *The TQM Magazine*, 16(1), 2004, pp. 45-49
- Yavas, U., Bilgin, Z., Shemwell, D., "Service quality in the banking sector in an emerging economy: a consumer survey", *The International Journal of Bank Marketing*, 15(6), 1997, pp. 217-223
- Yeung, M., Ging, L., Ennew, C., "Customer satisfaction and profitability: a reappraisal of the nature of the relationship", *Journal of Targeting, Measurement and Analysis for Marketing*, 11(1), 2002, pp. 24-33
- Zeithaml, V., "Service quality, profitability, and economic worth of customers: what we know and what we need to learn", *Journal of the Academy of Marketing Science*, 28(1), 2000, pp. 67-85
- Zeithaml, V.A., Bitner, M.J. (1996), *Service Marketing*, McGraw-Hill, New York

**Appendix 1 (Survey Questionnaire)**

*Employee competence*

The bank's employees know very well the bank's products  
You receive prompt service from the bank's employees  
Bank employees have the necessary knowledge to serve you promptly  
Bank employees do not hesitate to find the time to serve you better  
Bank employees know what your needs are and how the bank's products can satisfy them

*Reliability*

It informs me without errors of my transactions  
If there is a problem, the bank is willing to discuss it with me  
You do not have to visit your bank many times to solve a particular problem  
It is a bank that is worth trusting

*Product innovation*

The bank offers a wide product variety  
The bank offers flexible products that meet my needs  
The new products that my bank offers meet my needs  
The bank offers telephone services

*Pricing*

The loan interest rates of my bank are higher than other banks  
The deposit interest rates of my bank are lower than other banks  
I feel I pay a lot on commissions charged

*Physical evidence*

There is a warm friendly atmosphere inside the bank  
Employees of the bank are well dressed and appear neat  
The atmosphere inside the bank gives you a positive impression for the services it offers

The interior design of the premises facilitates the transactions  
The climate among the bank's employees contributes to receiving better service

Employees of the bank have a friendly behavior

*Convenience*

The bank's branch is near your workplace  
The bank's branch is near other state buildings and other banks  
The bank's branch is near shopping centres I usually visit

*Word-of-mouth communications*

I have recommended the bank to friends and acquaintances  
I have encouraged friends and acquaintances to do business with the bank  
I have informed other customers of the bank about complaints I have about the services offered by the bank (R)

## Management & Marketing

---

### *Intention to stay*

In the near future I intend to intensify my efforts to find a better bank (R)

In the last year I have thought very seriously to switch banks (R)

I have decided to do less business with the bank in the future (R)

I have decided to switch to another bank that offers better service (R).

**(R): denotes reverse coded item.**